

**COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2008-AH-002
ADMINISTRATIVE ACTION NO. 08-PPC-0109**

OFFICE OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

HOMESTEAD MORTGAGE SERVICES
925 Deis Drive
Fairfield, OH 45014

RESPONDENT

SETTLEMENT AGREEMENT AND ORDER

BACKGROUND AND FACTUAL FINDINGS

1. The Office of Financial Institutions (OFI) is responsible for regulating, registering, and licensing mortgage loan companies, mortgage loan brokers, and loan officers in accordance with the provisions of KRS Chapter 286.8.
2. During a November 2007 examination of a licensee, OFI discovered that Homestead Mortgage Services had brokered a loan which was secured by a mortgage on residential real property located in Kentucky without being licensed or otherwise complying with applicable exemption requirements.
3. Pursuant to KRS 286.8-030(1)(c), it is unlawful for any person to transact business in Kentucky either directly or indirectly as a mortgage loan broker if he is not licensed with this agency or otherwise exempt by law. Persons making less than five (5) mortgage loans per year are exempt from licensure; however, those persons must notify OFI of each loan in such written form and manner as required by the Office. KRS 286.8-020(2)(e).

4. Violation of any statute within Chapter 286.8 of the Kentucky Revised Statutes can result in a fine of between one thousand (\$1,000) and five thousand (\$5,000) dollars.

AGREEMENT AND ORDER

In the interest of economically and efficiently resolving the issues raised in the foregoing Background and Factual Findings, OFI and Homestead Mortgage Services agree as follows:

1. Homestead Mortgage Services acknowledges that it violated KRS 286.8-020(2)(e) by failing to notify OFI prior to the making of the loan in question and will endeavor to ensure full compliance with all statutory requirements set forth in Chapter 286.8 of the Kentucky Revised Statutes for all future transactions.

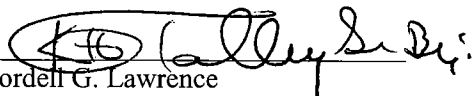
2. In light of Respondent's lack of previous infractions and willingness to ensure that violations of KRS 286.8 will not occur in the future, OFI agrees to waive the imposition of a fine in this matter. However, OFI will seek the imposition of any and all administrative remedies available to it, including the imposition of fines, against Respondent should it become aware of any future violations by Respondent.

3. In regard to this matter, Homestead Mortgage Services waives its right to demand a hearing, at which Homestead Mortgage Services would be entitled to legal representation, to confront and cross examine witnesses for the Office of Financial Institutions, and to present evidence on its own behalf. Further, Homestead Mortgage

Services consents to and acknowledges the jurisdiction of the Office of Financial Institutions over this matter and that this Agreement is a matter of public record and may be disseminated as such.

4. This Settlement Agreement shall constitute the Final Order in this matter.

IT IS SO ORDERED on this the 2nd day of May, 2008.

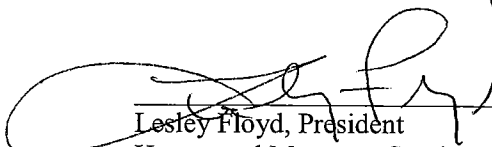

Cordell G. Lawrence
Executive Director
Office of Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, KY 40601

Consented to:

This 20th day of April, 2008


David Coyle, Director
Division of Financial Institutions
Office of Financial Institutions

This 27 day of April, 2008


Lesley Floyd, President
Homestead Mortgage Services

cc: Michael Head
Hearing Officer
Division of Administrative Hearings
Office of the Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601